

Message Text

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ACTION EB-08

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E.O. 11652: N/A
SUBJECT: JOURNAL OF COMMERCE ARTICLE ON MEXICAN IMPORTS

REF: A) USDOC 05607, B) MEXICO 966, C) MEXICO 16346, 1977

1. WE HAVE NOW RECEIVED A COPY OF THE JOURNAL OF COMMERCE ARTICLE OF MARCH 20, 1978. USDOC IS CORRECT IN BELIEVING THAT THE COMMENT ON ELIMINATION OF IMPORT PERMITS REFERS TO THE LIST OF DECONTROLLED PRODUCTS PUBLISHED IN THE DIARIO OFICIAL OF DECEMBER 29, 1977.

2. IN REGARD TO THE ARTICLE'S COMMENTS ABOUT IMPROVEMENTS IN CUSTOMS CLEARANCE PROCEDURES AT THE BORDER, REPRESENTATIVES OF SEVERAL RAILWAY COMPANIES, INCLUDING TEXAS-MEXICAN, AND A LEADING FREIGHT FORWARDING FIRM TOLD EMBOFF THEY KNEW OF NO SUCH CHANGES. RAIL FREIGHT HAS NEVER BEEN OFF-LOADED AT THE BORDER. CUSTOMS INSPECTION IS CARRIED OUT WITH MERCHANDISE REMAINING IN CARS, ALTHOUGH AN OCCASIONAL ITEM MAY BE REMOVED FOR CLOSER INSPECTION.

3. EMBOFF ALSO CONTACTED LUIS BRAVO AGUILERA, DIRECTOR
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GENERAL FOR TARIFF MATTERS AND BORDER AFFAIRS IN THE SECRETARIAT OF COMMERCE, WHO SAID THAT HE WAS UNAWARE OF ARTICLE AND HAD SPOKEN TO NO REPRESENTATIVE OF THE JOURNAL OF COMMERCE. HE DID NOT KNOW WHAT THE ARTICLE MEANT BY A "NEW INCENTIVE PACKAGE FOR TRADE AND INVESTMENT."

4. BY COINCIDENCE, EMBOFFS HAD MET WITH BRAVO AGUILERA ON

MARCH 17 TO DISCUSS THE RECENT TARIFF CLASSIFICATION DE-CONTROL. HE SAID THAT NO MAJOR PROBLEMS HAD ARISEN AND THAT MORE PRODUCTS, PROBABLY IN THE CAPITAL GOODS SECTOR, WOULD BE REMOVED FROM THE CONTROL LIST LATER THIS YEAR. (IN JUNE AND DECEMBER AUTHORIZATION FOR CONTROLLING 1115 AND 1927 TARIFF CLASSIFICATION NUMBERS RESPECTIVELY WILL EXPIRE.) BY WAY OF BACKGROUND, SINCE FEBRUARY, 1977, A COMMISSION ON TARIFFS AND FOREIGN TRADE CONTROLS HAS BEEN STUDYING MEXICO'S IMPORT LICENSING SYSTEM TOWARD THE END OF DOING AWAY WITH THE BUREAUCRATICALLY CUMBERSOME PERMIT REQUIREMENT, WHILE AT THE SAME TIME PROVIDING PROTECTION FOR MEXICAN PRODUCTS THROUGH HIGHER DUTIES (SEE MEXICO REFTELS). THE COMMISSION IS COMPOSED OF REPRESENTATIVES OF THE SECRETARIATS OF COMMERCE, PATRIMONY AND INDUSTRIAL DEVELOPMENT, TREASURY AND PUBLIC CREDIT AND AGRICULTURE AND WATER RESOURCES. TO DATE 2,322 TARIFF CLASSIFICATIONS HAVE BEEN REMOVED FROM THE LICENSING SYSTEM, AND THESE, ADDED TO THE 1230 WHICH DID NOT PREVIOUSLY NEED PERMITS, TOTAL 3552 CURRENTLY EXEMPT FROM THE IMPORT PERMIT REQUIREMENT. WHILE THESE CLASSIFICATIONS ACCOUNT FOR OVER 48 PERCENT OF THE 7339 NUMBERS IN THE MEXICAN TARIFF CODE, BRAVO SAID THAT THEY AMOUNT TO ONLY 10 PERCENT (BY VALUE) OF MEXICO'S IMPORTS. THE PRODUCTS THEY COVER ARE LARGELY RAW MATERIALS, AGRICULTURAL GOODS AND A FEW CONSUMER ITEMS. SURPRISINGLY, A FEW LUXURY PRODUCTS, SUCH AS HAND-LOOMED RUGS, ARE NOW BEING ADMITTED. THIS LATTER LIBERALIZATION LIMITED OFFICIAL USE

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WAS PRIMARILY TO CUT DOWN ON SMUGGLING. BRAVO ALSO SAID THAT AS MORE ITEMS ARE DECONTROLLED, TARIFFS WILL BE INITIALLY RAISED TO PROVIDE A MEASURE OF PROTECTION FOR LOCAL MANUFACTURERS. AFTER AN UNSPECIFIED TIME, THESE TARIFFS ARE TO BE GRADUALLY REDUCED TO ENCOURAGE GREATER SPECIALIZATION AND COMPETITIVENESS. HE EXPECTS TO SEE MEXICO'S TARIFF SYSTEM TOTALLY RESTRUCTURED BY 1982, ALTHOUGH HE ADMITTED THAT NO SCHEDULE OF REDUCTIONS HAD YET BEEN FORMULATED. HE ADDED THAT THE SPEED OF THE CHANGE WOULD LARGELY DEPEND ON THE GENEVA NEGOTIATIONS AND PROTECTIONIST MEASURES THE U.S. TAKES.

5. COMMENT: SINCE MOST NEW TARIFFS ARE BEING SET AT VERY HIGH RATES, IT WILL PROBABLY PROVE DIFFICULT FOR THE GOM TO LOWER THEM SUBSTANTIALLY IN THE FUTURE. THOMPSON

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